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# Evidence Points to Big Saudi Role In Iranian and Contra Arms Deals

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WASHINGTON, Nov. 29 — Emerging evidence shows a significant Saudi Arabian role not only in secret Iranian purchases of arms but also in the supply of military equipment to the rebels in Nicaragua.

Associates of Lieut. Col. Oliver L. North, an assistant on the National Security Council, were in direct contact with the Saudis, the evidence indicates.

One person familiar with the transactions said he was told that Colonel North, who was dismissed this week by President Reagan for his apparent role in the Iranian arms deals, stayed in touch with the operations from his position in the White House.

## A Partial Picture

The arrangements were complicated and involved many participants, and hence their precise nature remains clouded.

But an array of evidence from interviews, bank records, records of airplane sales, corporate records and other documents permits at least a partial picture to be drawn.

The arms supply operations were begun separately, with the help for the Nicaraguan rebels, or contras, beginning in 1984, before the Saudi and American dealings with Iran, and the two became intertwined some time within the last year, according to documents and to Americans, Middle Easterners and Israelis familiar with the operation.

Although the Saudi Government officially appears to have provided no funds, top Saudi officials encouraged both ventures, the sources add. The Saudi motives were said to be to further the strategic relationship with the United States and to open a dialogue with Iran. The dealings also generated huge profits for some involved, so commercial and diplomatic considerations overlapped, as is common in the Middle East.

## A Complex Saudi Role

The Saudi role offers a new perspective on how the contras were supplied at a time when the United States Government was prohibited from aiding them. It also suggests that the Israelis, who have emerged in various accounts as crucial in opening doors to Iran and

in handling the arms sales, may have played a less central role.

The Saudi role was multilayered: Many banks in Europe and Saudi Arabia with ties to top Saudi officials provided funds for Adnan Khashoggi, the Saudi businessman who, in turn, acted as a middleman and financier for at least some of the arms transactions, according to the sources and documents. Mr. Khashoggi acted in concert with some top Saudi officials, though there are divisions within the royal family of Saudi Arabia on the issue, according to Arabs and Americans familiar with the operations.

The Iranian purchase of American arms over the last few years generated more than \$100 million, taking into account inflated prices, large commissions and ultimately diversions for the Nicaraguan rebels through corporations in Switzerland and elsewhere, according to participants in the deals, documents and American officials.

The White House has acknowledged arms dealings amounting to between \$22 million and \$42 million in 1986.

President Reagan dismissed Colonel North from the National Security Council staff after it was found that up to \$30 million from Iranian arms purchases had been diverted for the contras in 1986.

In addition to Colonel North, the Saudis worked with two former National Security Council officials and one former Pentagon official, all of whom worked with Colonel North and then left the Government to work with Saudi interests, according to documents and sources familiar with the operation.

## A New Perspective On Israel's Role

The emerging details give a fuller explanation of how the arms purchases were financed, how monies were laundered and who was involved. They also provide a new perspective on the Israeli role. In some cases the Saudi and Israeli connections intersected; Mr. Khashoggi had dealings with the Israeli arms dealers and was also acting as an unofficial liaison between Saudi and Israeli leaders, according to Israeli and other Middle Eastern sources.

Many details about the transactions remain unknown or unclear. Some Iranian deals took place under the auspices of the United States, others were done on the black market and many details of all the deals remain to be disclosed. The extent to which top White House officials were aware of the Saudi role is also not known.

One American familiar with the operation suggested that many of the transactions and deals intersect in Switzerland. Federal law-enforcement investigators are pursuing this avenue of inquiry.

The official Saudi press agency has quoted an unnamed Saudi official as saying that reports that Mr. Khashoggi arranged financing for the purchase of Iranian arms are "planted lies." The Saudi Ambassador in Washington, Prince Bandar bin Sultan, has declined to be interviewed. In addition, participants in the operations have either declined to comment or could not be located. Those familiar with the operation who agreed to speak declined to be identified.

These were among the details pieced together from these sources:

¶The Saudi discussions with Americans about supplying arms to the contras involved Colonel North, Maj. Gen. Richard V. Secord, who retired as a Pentagon official in 1983 and was familiar with Saudi affairs, and Albert Hakim, a former Iranian businessman with close ties to Saudi Arabia and a business partner of General Secord, according to sources and documents. Mr. Hakim and General Secord did not return phone calls.

¶In early 1984, Charles P. Tyson, a colleague of Colonel North's at the National Security Council, left the White House to work for Mr. Khashoggi, according to two former White House officials. Mr. Khashoggi later told an associate that Mr. Tyson was responsible for introducing him to Robert C. McFarlane, the former national security adviser, and other National Security Council officials for talks about the arms deals and Iran. Mr. Tyson, who was said by associates to be in Madrid, could not be reached. Ronald Kessler, author of a biography of Mr. Khashoggi, titled "The Richest Man in the World," said he was told that Mr. Khashoggi and Mr. McFarlane had several meetings, including one in the White House in the spring of 1985, when Mr. McFarlane was still national security adviser.

¶In 1984 and 1985, General Secord directed the acquisition of materials, including small airplanes, to help the contras, according to sources familiar with the acquisition and documents. His associates included Mr. Hakim and Robert H. Lilac, who had been a superior of Colonel North at the National Security Council, according to the sources and documents. Mr. Lilac is now a consultant to Prince Bandar, the Saudi Ambassador, according to a former White House aide and an official at the Saudi Embassy, who said Mr. Lilac

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was out of the country.

By 1985 both the United States and Saudi Arabia, with the assistance of Israeli arms dealers, Mr. Khashoggi and a confidant of King Fahd of Saudi Arabia, had begun discussions with Iran. The ensuing arms purchases involved a variety of financial transactions centered around Mr. Khashoggi and related companies. For example, copies of 1986 bank records show two checks from Manucher Ghorbanifar, the Iranian arms dealer who was the liaison to Iran, to Mr. Khashoggi totalling \$5 million. Other checks totalling \$12 million from Mr. Ghorbanifar were deposited in an account at the Monte Carlo branch of the Bank of Credit and Commerce International, a bank tied to former top Saudi officials, the records also show.

Most of the participants in the arms deals, including Mr. Ghorbanifar, the Israeli arms dealers, Mr. Hakim, Mr. Khashoggi and Saudi officials, had accounts with the same banks in Switzerland, according to bank records and sources familiar with the operation.

The complicated and covert relationships surrounding the arms deals stem from a variety of political factors. Middle Eastern countries such as Saudi Arabia have to balance conflicting interests and relationships. Thus, for example, any overtures to Iran or Israel would have to be done quietly so as not to irritate Iraq, to which Saudi Arabia is publicly allied. Similarly, any official Saudi support for the contras might irritate the Palestine Liberation Organization, which supports the Sandinista Government in Nicaragua.

Many of the Saudi-American relationships at issue were forged during the effort by the Reagan Administration in 1981 to get Congressional approval for the sale of Awacs radar planes to Saudi Arabia. Colonel North was instrumental in the success of that effort, for which he was later awarded a medal by President Reagan.

Congress approved the sale of the Awacs in part because of a perceived threat to Saudi Arabia from Iran.

Colonel North, who eventually became the point man for the contras as well as for the secret Iranian dealings, developed close ties during the Awacs debate with some Saudi officials as well as with General Secord and Mr. Lilac, according to former Administration officials. At the time, General Secord was Deputy Assistant Secretary of Defense with responsibility for the Middle East. Mr. Lilac, who was director for political military affairs at the National Security Council, gave some of the council briefings on the Awacs sale, according to one former White House official. Colonel North served under Mr. Lilac as deputy director for political military affairs.

## Talks on Contras As Congress Debates

Discussions about private Saudi assistance for the contras began in late 1983 and intensified over the next year, as Congress debated and eventually killed any further United States military aid for the Nicaraguan insurgents, according to an American familiar with the discussions. The prohibition included assistance from third countries acting for the United States.

Prince Bandar, who held numerous discussions with Colonel North and General Secord during this time, told an associate of General Secord that helping the contras was good for Saudi-American relations, something the Administration supported and a source of future private business profits, the associate said.

In 1984 and 1985, under Mr. Secord's direction, a number of short take-off and landing airplanes, called Maules, were purchased from Maule Air and

used in support of the contras, according to documents, Maule officials and an article last July in The San Francisco Examiner. These transactions are being investigated by the Justice Department and the Customs Service, according to a Federal law enforcement official.

One Maule plane was exported to Honduras for use by the contras after being bought in 1984 by American Marketing and Consulting, a Maryland company headed by General Secord and Mr. Lilac, according to documents on file with the Federal Aviation Administration and The Examiner's account.

One Maule plane was paid by a check from C.S.F. Investments, a Bermuda corporation, according to The Examiner and Maule officials. C.S.F. is owned by Compagnie de Services Fiduciaires, a Swiss company controlled by Mr. Hakim, according to public records in Bermuda and an associate of Mr. Hakim. Mr. Hakim is chairman of Stanford Technology Trading and General Secord is president of the company.

It is not clear where the ultimate funds for the Maule acquisitions came from, but by 1986, according to an account in The Times of London on Thursday, some \$18 million diverted from Iranian purchases of American arms was channeled from the Swiss company to an account of the affiliate, C.S.F. Investments, in the Cayman Islands. According to The Times, the \$18 million was intended for use in support of the contras.

## Diplomatic Approaches In Secret to Iran

It is not known when the Iranian and contra arms dealings intersected, but by 1985 there were firm but secret diplomatic discussions under way with Iran, by both the United States and Saudi Arabia.

In 1985 Mr. Khashoggi brought two Israeli arms dealers, Yaacov Nimrodi

and Al Schwimmer, together with Mr. Ghorbanifar, who had ties with Iranian officials, according to Israeli, other Middle Eastern and American sources. Israel had ties of its own to Iranian military officials through Israeli arms dealers.

But according to Israeli, American and Saudi sources, the ties to Iran were forged more by Saudi Arabia than Israel, when a Saudi confidant of King Fahd, Ali Bin Mussallam, made contact with Ayatollah Ruhollah Khomeini, the Iranian leader.

Farid N. Ghadry, a dissident Saudi who publishes a newsletter in Washington, said Mr. Mussallam was in some ways a counterpart to Colonel North. He added that the Saudis wanted to mollify Iran, which had been demanding that the Saudis intercede with Washington to obtain spare parts for American-made Iranian F-14 jets.

Mr. Ghadry said that he understood from unidentified sources in Saudi Arabia that the Saudi Government, at the direction of King Fahd, actually paid for the American arms purchased by the Iranians.

"King Fahd himself had settled the bill for those supplies," he said in his November newsletter titled "Americans Against King Fahd."

Other sources said Saudi Government funds were not directly used, but rather that King Fahd and others had encouraged private banks friendly to the kingdom to provide funds to Mr. Khashoggi.

As an example, one source cited a \$35 million loan last June to Mr. Khashoggi from the National Commercial Bank of Saudi Arabia.

Mr. Mussallam, who advises King Fahd on North African affairs, is a business associate of Mr. Khashoggi, according to a Khashoggi associate. Mr. Mussallam persuaded King Fahd to make the approaches to Iran as well as to well as displace the Saudi oil minister, Sheik Ahmen Zaki Yamani, an ardent foe of Iran, according to Saudi, American and Israeli sources.